UNITED NATIONS **A**

General Assembly

Distr.
GENERAL

A/50/520
11 October 1995

ORIGINAL: ENGLISH

Fiftieth session
Agenda item 24

IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Report of the Secretary-General

I. INTRODUCTION

1. The Secretary-General was requested, in paragraph 21 of resolution 49/142, to submit to the General Assembly at its fiftieth session a report on the implementation of the resolution. The present report, which comprises two sections on background and on action taken by the parties concerned, responds to this request.

II. BACKGROUND

2. In accordance with paragraph 35 of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) (General Assembly resolution 46/151, annex II), the Secretary-General transmitted to the General Assembly at its forty-eighth session a report prepared by the Food and Agriculture Organization of the United Nations on the need for and feasibility of the establishment of a diversification fund for Africa's commodities (A/48/335, annex, and Add.1 and 2). The report recommended the establishment of a diversification facility to finance the preparatory phase of diversification projects and programmes, and of national diversification councils at the country level.

3. To further its consideration of the above proposals, the General Assembly, in its resolution 48/214, requested the Secretary-General to prepare background documents for intensive consultation involving concerned and interested States together with relevant financial institutions and United Nations organizations. This second report, entitled "Issues of diversification of African economies, specifically the establishment of a diversification fund for Africa's

commodities" (A/48/914), clarified and amplified certain aspects of the proposals made by the Secretary-General in his first report.

4. At its forty-ninth session, the General Assembly adopted resolution 49/142 in which it recognized the urgent need to respond to the specific problems of African States in their efforts to diversify their economies and reduce dependence on a few primary commodities. More specifically, in paragraphs 12, 16 and 18 of its resolution 49/142, the General Assembly:

(a) Invited State participants in the African Development Fund (ADF) existing within the African Development Bank (AfDB) to pay particular attention to the diversification of African commodities with a view to accelerating this process and to consider urgently making an initial adequate special contribution to finance the preparatory phase of commodity diversification projects and programmes in African countries;

(b) Requested the Secretary-General to ensure that the Inter-Agency Task Force for the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s accords high priority to the consideration of the diversification of African economies and to the coordination of activities of the relevant organization and programmes of the United Nations system in this field, and invited the Task Force to make available advisory services to the African Development Bank on questions related to the diversification of Africa's commodities;

(c) Invited the African Development Bank to elaborate a set of criteria for the identification of diversification projects and to extend any other assistance as appropriate.

III. ACTION TAKEN BY THE PARTIES CONCERNED

A. Action by the African Development Bank

5. In order to ensure that donor countries participating in the African Development Fund existing within the African Development Bank take steps to make the required special contribution, the United Nations invited the African Development Bank to elaborate a set of criteria for the identification of diversification projects and to extend any other assistance as appropriate. In response, the African Development Bank indicated that:

(a) Consultations on the replenishment of the African Development Fund were still under way and many issues including the level of the replenishment were still to be settled. It was, therefore, appropriate that the next replenishment meeting of the Fund raise the matter of a special contribution from State participants to finance the preparatory phase of commodity diversification projects and programmes in ADF-eligible countries. It was also recommended that in the final report of representatives of States participants in the Fund, resources permitting, the issue of commodity diversification be specifically included in the ADF-VII lending programme;

(b) It welcomed the invitation to the United Nations Inter-Agency Task Force to make available to the Bank its advisory services on questions relating to commodity diversification. Such assistance could be especially beneficial not only to diversification projects themselves, but also to the broader range of Bank Group lending, especially in the areas of agriculture and agro-industry;

(c) It concurred strongly with the view that the successful implementation of a diversification programme requires that appropriate criteria be established for the identification of the appropriate projects. AfDB also expressed its readiness to put in place mechanisms for the elaboration of such criteria in cooperation with other institutions, both national and international, in order to move this initiative forward.

6. The African Development Bank reiterated the view that the establishment of national diversification councils was an important initiative that merits broad international support. The close involvement of the private sector, including the Private Sector Development Unit of the Bank, in the design and implementation of diversification was welcomed. AfDB, for its part, should prepare a suitable infrastructure to establish the facility.

B. Action by the United Nations system

7. The United Nations system undertook follow-up action within the System-wide Plan of Action for African Economic Recovery and Development. This plan makes diversification of African economies a key priority issue.

8. The Economic Commission for Africa (ECA) was selected as the lead agency for the United Nations system's support programmes on diversification of African economies. Collaborating organizations for the various programmes include:

(a) Identification of national policies conducive to diversification: United Nations Conference on Trade and Development, ECA, World Bank, International Monetary Fund (IMF), United Nations Industrial Development Organization, Organization of African Unity;

(b) Establishment of a diversification fund for African commodities: UNCTAD, FAO, ECA, World Bank, UNIDO, OAU;

(c) Regional and national workshops or seminars to strengthen the structures for and ensure the development of diversification projects that could benefit from existing funding mechanisms: World Bank, UNCTAD, UNIDO, ECA, FAO;

(d) Diversification oriented to national and subregional needs: UNDP, FAO, ECA, UNIDO, United Nations Development Fund for Women;

(e) Building capacities to process natural resources (World Bank, UNIDO, Department for Development Support and Management Services, ECA, United Nations Environment Programme).

9. A United Nations inter-agency workshop on the diversification of African economies was held at Yaoundé from 13 to 17 February 1995. It was organized by

ECA in collaboration with the Government of Cameroon and the support of the Office of the Special Coordinator for Africa and the Least Developed Countries. Discussions at the workshop, which involved six African countries and various entities of the United Nations system and African subregional organizations, focused in particular on the diversification strategy, enabling environment and the funding mechanisms of the process.

10. The workshop made the following recommendations:

(a) The diversification of the African economies is a long-term goal to be achieved in the context of the overall national, subregional and regional strategies rather than in terms of the execution of several non-integrated projects. It should encourage the development of private small and medium-size enterprises and, where possible, the development of transnational African enterprises in the sectors of production, processing and marketing of domestic commodities;

(b) The establishment of a special facility for the diversification of African commodities is an issue to be solved and should complement the already established multilateral mechanisms. However, its mode of management and level of initial resources should be reconsidered in the light of expressed needs. In addition, instead of using the fund's resources solely for the preparation of pre-investment projects, the fund could also serve as an underwriting fund for small and medium-scale enterprises. The international community should also assist African countries in devising their national, subregional and regional diversification strategies;

(c) National diversification councils should coordinate the activities of private operators in addition to selecting projects. They shall cease to exist when structures such as the chambers of commerce are in a position to take over these functions.

11. Within the framework of the United Nations System-wide Plan of Action for African Economic Recovery and Development, organizations and specialized agencies should increase their activities with respect to diversification of African economies. The United Nations should assist African Governments and subregional economic communities to formulate diversification strategies.

12. In addition to the above recommendations of the workshop, it is recommended that the organizations and specialized agencies of the United Nations continue to assess the impact of the Uruguay Round on African economies. On the basis of such studies, the United Nations system could initiate measures to enhance the diversification of African economies.

C. Action by Member States

13. One year after the adoption of resolution 49/142, the diversification facility is yet to start its operation. Special initial contributions by Member States would facilitate the commencement of the facility.

14. In order to demonstrate their resolve to carry out the diversification process, African countries should prepare, in close collaboration with the private sector and with the assistance of international institutions, national strategies for the diversification of their economies. They should also include the themes and objectives of their diversification strategies in the sectoral, economic and social development plans.